

FISCAL NOTE

Bill #: SB0114 **Title:** Penalty for unauthorized insurance transactions
Primary Sponsor: Tester, J **Status:** As Amended in House Committee

Sponsor signature Date David Ewer, Budget Director Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$0	\$0
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Corrections (DOC)

1. The amendments to this bill would impose a penalty of up to 10 years imprisonment or \$100,000 fine for the crimes of insurance fraud, misappropriation of insurance premium, unauthorized insurance transactions, representing an unauthorized insurer and making a false insurance claim.
2. DOC has had four convictions under insurance fraud since 1997 with an average sentence of 48 months.
3. The general fund cost for the incarceration of a male inmate is approximately \$19,169 per year and the cost of incarceration of a female inmate is approximately \$25,243 per year. The cost would be slightly lower if convicted felons were placed on Intensive Supervision at approximately \$4,124 per year and probation and would be approximately \$1,284 per year.
4. There is no fiscal impact to DOC.

State Auditor's Office (SAO)

5. The State Auditor's Office (SAO) cannot anticipate the fiscal impact due to the passage of this bill. Currently the SAO investigates claims of insurance fraud. A person convicted of purposely or knowingly violating provisions of this bill is guilty of a felony and in addition is subject to the civil penalty provided in 33-1-317, MCA.
6. It is impossible to forecast the number of insurance fraud cases the SAO will investigate and the outcome of these cases.

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(continued)

LONG-RANGE IMPACTS:

Department of Corrections (DOC)

1. Since the current average sentence for insurance fraud is 48 months, an increase in sentence to 10 years will create long-range impact for DOC.